

CHAPTER I

INTRODUCTION

1.1 Research Background

Online entertainment has developed in various ways and aspects during the 20th century. Starting in 2022, the number of gamers globally will increase by around 3-4% annually, as displayed in Figure 1.1.



Figure 1.1 Global Player Forecast 2022-2024

Source: Buijsman, (2024)

With more than 3.4 billion active gamers worldwide, people consider gaming a staple form of relaxation. Statistically, most gamers are within the Asia-Pacific Region, which houses 1.8 billion players or 53% of the global players.

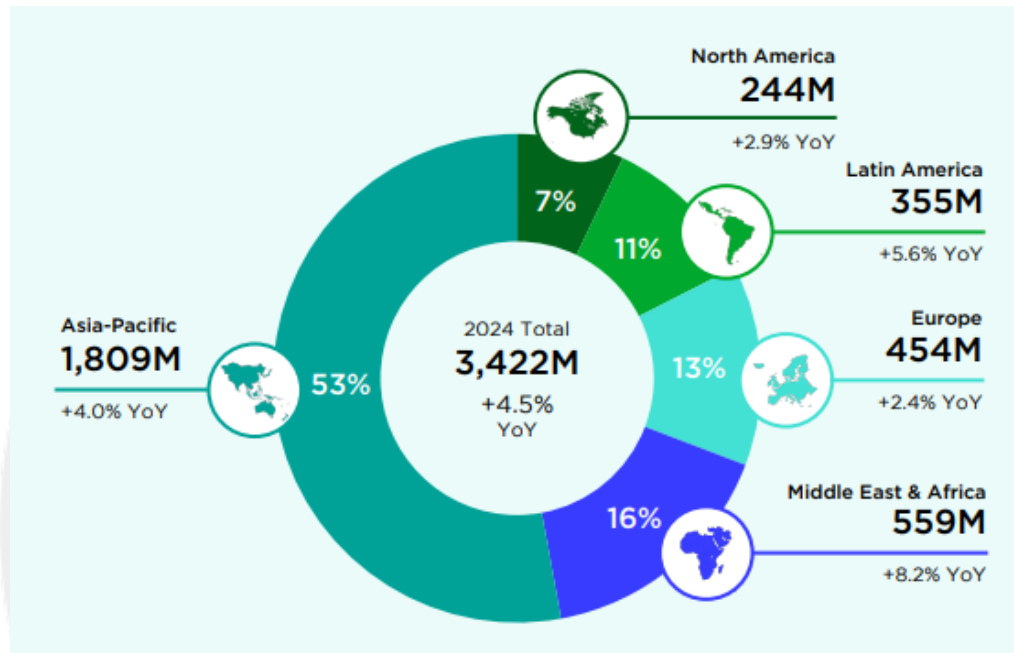


Figure 1.2 Geodemographic Chard for Global Players in 2024

Source: Buijsman, (2024)

It has been forecasted that within the coming years, the number of total gamers will continue to increase at a rate of 4%. This data suggests that soon, the video game market will continue to grow worldwide.

Within the Indonesian context, most gamers prefer to use their own phones as their primary platform for gaming. About 83% of gamers have been found to play on their phones, the rest of them prefer to use certain consoles or their personal computers as their main platform (Buijsman, 2024). The fact that most gamers prefer to use their mobile phones rather than a console or a computer shows that gaming is more than just sitting and relaxing at one's personal space. Rather, gaming is a social activity that can connect people with the same interests. Due to this phenomenon, it has been found that many young gamers and adults have made and built their own identities both online and offline from the games that they play (Eklund & Roman, 2017).

With a very vast audience to serve, the video game market has also developed exponentially in recent years. There are many genres of games that the players can play. People interested in quick reflexes and rapid decision-making may opt for shooting games such as first-person shooter (FPS) or third-person shooter (TPS games). If people are more interested in much heavier cognitive, teamwork, and strategy challenges, they may opt for games within the real-time strategy or multiplayer online battle arena (MOBA) games.

Lastly, if a gamer is much more interested in sparking their creativity skills and taking their time leisurely, they may resort to games under open-world, role-playing games (RPG) and sandbox games. (Cui et al., 2024). Many specific games may incorporate these genres to create unique gameplay for their players. Some popular genres that often get grouped may include combinations of RPG and Sandbox, FPS and

Strategy-based games, Action and Adventure, etc. Combinations of the genre may vary; however, game producers might still prefer to create games that are easy to understand. By creating a game that has mechanics that are easy to understand, the game may get much more appeal from players all around the world.

Some of the most popular games to date include a mix of RPG, Sandbox, Simulation, and Shooter games. Amongst them include the popular survival and sandbox game Minecraft, the tactical and first-person shooting base games such as Valorant and Counter-Strike, and finally, the strategy and MOBA-based game League of Legends (Clement, 2024). All these popular games have their respective fanbases and players, and each has a unique community that supports the game.

Globally, the previously mentioned games have set a standard for defining a “good” game. The presence of a standard has created tension for game developers to develop and update the games that must satisfy their own player base. Some developers opt for creating new and fresh in-game mechanics. For example, the famous RPG, Open-world and Gacha-based game (gacha refers to chance-based virtual item collections and lottery-like mechanics (Kesuma & Princes, 2024)) Genshin Impact has continuously updated its game with new characters and special mechanics. This keeps its fanbase on the lookout for the newest in-game characters and gameplay.

Other than continuously updating or creating a new game, some developers have opted out to create a similar game with their own twist. Within the Asia-Pacific community, game developers have noticed that their player base prefers to free-to-play mobile games while maintaining collaborative gameplay (Tan, 2022). One of the games that can fulfill that very certain criterion is the mobile MOBA game Mobile Legends. Inspired by their computer counterpart, Mobile Legends is a simplified MOBA game that has been reworked into the realm of mobile gaming. Mobile Legends was first released during the midst of 2016. Its developer, Moonton, sought out to combine MOBA with Real-Time Strategy (RTS) and RPG into the hands of gamers all over the world. Two teams consisting of 5 players, each with a special task, brawl it out in the Land of Dawn. The team who can destroy their enemies' base first is then pronounced as the victor. Below is an illustration of how the game looks like.



Figure 1.3 Mobile Legends: Bang Bang – Map Illustration

Source: Moonton, (2024)

As of right now, 125 heroes are playable in Mobile Legends. With six specialized roles, including Tank, Fighter, Assassin, Mage, Marksman, and Support, the players can choose the best heroes and roles that suit their playstyle. Since it is a team-based game, a single team may be divided into 5 distinct roles. There are five leading roles that a person may dive into: Jungler, Mid-Lane, Roamer, Exp Laner, and Gold Laner. Generally, these roles also apply to most MOBA games, the roles mentioned above are the specific words used within the game.

For a free-to-play-based game, Mobile Legends has generated more than 1.2 billion USD from 2016 until today. The primary source of income for Mobile Legends comes from the in-game aesthetics, such as hero skins, avatar borders, in-game model effects, in-game battle passes, and so forth. Figure 1.4 is an example of the array of skins that are currently available within Mobile Legends.

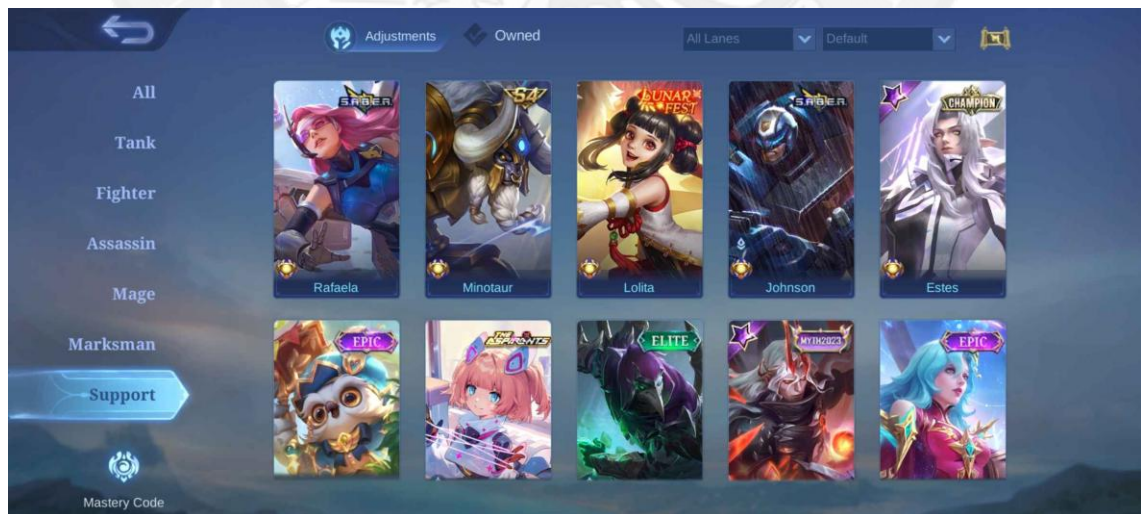


Figure 1.4 Illustration of In-Game Skins of Mobile Legends

Source: Moonton, (2024)

Within Figure 1.4, there are several tiers or levels for skin that can be obtained. The skin's tier levels correspond to how fancy or nice the in-game effects are displayed. Skins can come as cheap as 200 diamonds (or equivalent to around Rp.55,000.00) or as expensive as thousands of diamonds. This is caused by the presence of certain "skin events". By drawing the lottery or collecting tokens, only then is the player able to receive the desired skin.

From Figure 1.5, by 2020 and 2021, Mobile Legends had their peak all-time revenue at above 220 million U.S. dollars. This phenomenon correlates with the rise of mobile gaming and the Covid-19 pandemic. The presence of lockdowns and Work-From Home policies had forced many people to stay home and find other activities to relax from. Because of those very phenomenon, many people had resorted by spending their disposable income in Mobile Legends. In Figure 1.6, players can see the very latest skins that are available in-game. The simple interface also allows players to see on what offers are currently available for purchase.

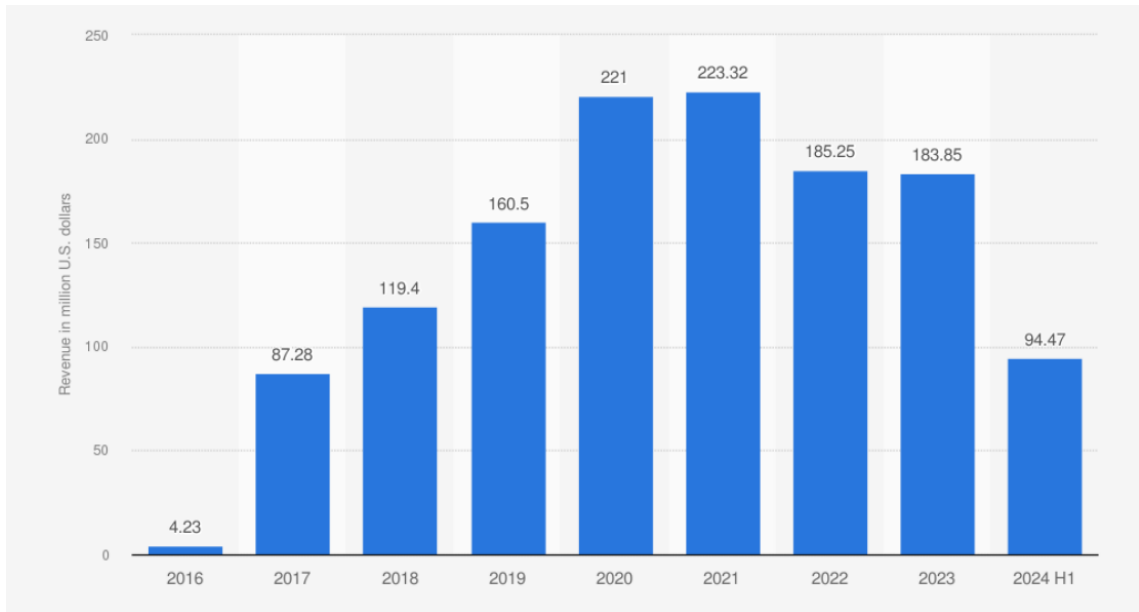


Figure 1.5 Annual revenue generated by Mobile Legends: Bang Bang Worldwide from 2016 to 1st half of 2024

Source: Statista, (2024)

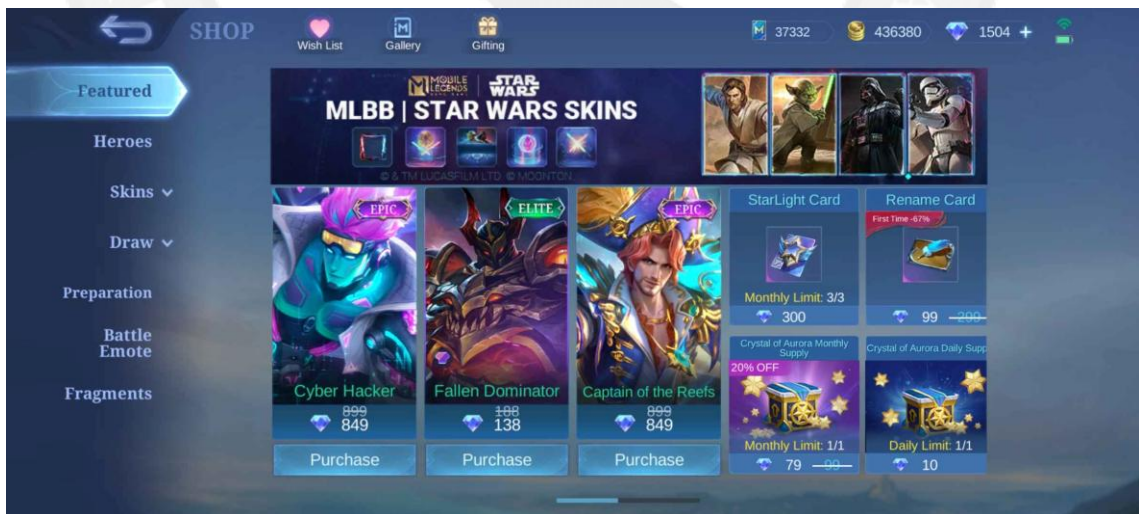


Figure 1.6 Illustration of In-Game Shop Interface for Purchasable In-Game Currency, Items and Aesthetics

Source: Moonton, (2024)

Currently, Mobile Legends is the most downloaded free-to-play game in the Apple and Google Play stores in Indonesia (Similarweb, 2024). With more than 70 million active players each month (Salman, 2024), Mobile Legends has surely become a staple game for both younger and older audiences.

How does Mobile Legends generate revenue as a mobile game promoting itself as a tactical and real-time strategy? But, by creating high-quality and desirable in-game aesthetics for their players. Players from other genres might question the in-game “skills” that are obtained from said purchase. However, that is not the point of the in-game transaction. Mobile Legend’s primary strategy is to give their players’ heroes a wonderful and pleasant experience while playing the game.

Due to the game’s ranking system, just like other MOBA games, players who are into the game may spend more than 7 hours each week playing the game. Indeed, a single match within Mobile Legends is not as lengthy as a regular MOBA match in their computer counterparts; nonetheless, in higher-ranked matches, a single game may last as long as 40 minutes. Though a single match may last as short as 10 minutes, as

long as the players climb the game's ranks, they will be paired with players who are of equal strength and knowledge.

Figure 1.7 shows the intensity of professional matches of Mobile Legends. MPL or Mobile Legends Professional League is the official e-sports tournament that is held semi-annually in Indonesia (Lapakgaming, 2023). Professional teams brawl each other to gain points within the standings. The team that ends with the most points by the end of the tournament then will be crowned as the seasonal champions of MPL.



Figure 1.7 Illustration of Professional Matches for Mobile Legends in MPL ID
Season 14 Rebellion VS Alter Ego

Source: Moonton, (2024)

With the very strong culture of Mobile Legends within the Indonesian netizens, players find themselves satisfied when a new aesthetic skin or feature is released within the game. Players who play Mobile Legends regularly usually have a certain hero that they find themselves most comfortable with. This term can be referred as their “comfort

picks” or their “comfort heroes”. As a result, players are willing to spend some of their disposable income to display their love and time for their favourite heroes.

However, as of recent progress, Mobile Legends has seen a new MOBA game in the rise to compete with itself. Honor of Kings, developed by TiMi Studio Group, has gained popularity within the Indonesian market. Marketing itself as a MOBA game that is much more generous than Moonton, some players have seen it as a much more fascinating game rather than Mobile Legends. Currently, there are only around 100 million active players worldwide. Surely, it has a much smaller community if compared to Mobile Legends (XL Axiata, 2024). Though considered minor, the fact that some of the Mobile Legends players have moved to Honor of Kings as their main game had made Moonton resort to do several things. Mainly, since the beginning of August, Moonton has given their players many in-game aesthetic skins and decorations to keep their players from moving. Even though the events have been labelled as Mobile Legend’s 8th anniversary, most players know that these are the resorts that Moonton has come up with to keep them from moving games.

Generally, Moonton is well-known as a close-fisted company. Usually, special in-game items or skins require the players to play a certain number of matches daily or have them top-up a certain number of diamonds (diamonds are the premium in-game currency used in Mobile Legends for purchasing skins and event tokens) to get the desired event skin. However, with the presence of Honor of Kings within the Indonesian market, Moonton has shifted gears and has created many more “free events”

(such as playing a certain number of matches daily and weekly) to keep the players engaged with just Mobile Legends.

Therefore, certain elements can be discussed and explored further within the digital currency of Mobile Legends. Things that may be of interest to discuss are how Mobile Legends market their in-game skins, what options are available for the players to obtain said in-game aesthetics, how the players feel after obtaining the in-game aesthetics, and how Mobile Legends create the need for players to purchase their in-game aesthetics. With the presence of a competing MOBA game within the Indonesian game market, Moonton surely needs to innovate to keep itself as the number one MOBA game for phone users.

Microtransactions are the first and most important element that correlates to the previously mentioned phenomenon. Microtransactions here refer to the sale of virtual goods within games (Rita et al., 2024). Due to the current trend of creating games that are free to play within the video game market, many game developers and firms have resorted to using microtransactions as their primary source of income. These transactions have generated over \$90 billion US dollars within the global market. (Antepencko et al., 2022). Microtransactions may take many forms within the game; however, they fall into two main categories: aesthetic or game-enhancing microtransactions.

The following important element is virtual game drivers. Referring to the previous element of microtransactions, virtual game drivers here are how the game's microtransactions are being utilized. Within the consensus, many players have found it quite displeasing if the game's microtransactions give other players a much more significant advantage if compared to players who do not indulge themselves with microtransactions (Evers et al., 2015a). However, if a microtransaction is directed into just aesthetic in-game purposes, players see it as a "desirable" status and respect them much more within the game's community. Therefore, microtransactions that are directed to make the game much more aesthetically pleasing create a much healthier environment for both the players and the developers.

Even though the presence of aesthetically pleasing microtransactions is much more welcomed by players, the presence of performance-related microtransactions still does have their place within the game. It is a fact that most new players have to start with a fresh account; if a new player were to be matched up with an older player, it is still safe to say that the older account is bound to win due to their account's much more abundant resources. For those reasons, some players see it as reasonable if there are certain purchases that they may make to increase their early-game exploration. Performance-enhancing microtransactions, if they do not significantly give a player a higher advantage, is still acceptable within the game's community (Rita et al., 2024).

Continuing with the types of microtransactions that a particular player might make within the game comes the aspect of functionality. The functionality here refers to practical elements that enhance the gaming experience by unlocking features, providing access to new content, or improving the games' usability (Rita et al., 2024). Usually, the functionality of a game's microtransactions refers to the "value" and "utility" that a player receives within the long run (Hubert et al., 2018). Microtransactions related to function usually correlate with performance-enhancing ones; the main difference is that function's main value is to give the players a much more enjoyable experience when playing the game.

To keep their players as intrigued as possible when playing their game, developers certainly need a way to market their items. Several main factors come into play when considering a specific purchase within the game. Firstly, how much emotion or "pleasure" does the purchase give to the player? This is known as hedonic content. Being able to create a gap between the resources needed (such as time and effort) to reach a certain goal or challenge is what makes hedonic content truly powerful for game developers (Yang et al., 2021). Hedonic content creates a drive or the "need" to buy the microtransaction, thus enhancing the player's time when playing the game.

Secondly, how the player is illustrated within the game, also known as the players in game status or profile, this is known as social content. Social content here can be defined as how the player is defined within the game; what sort of status or "value" are the players with those purchases treated. Having a special "item" or

cosmetics to show them that they are truly different here makes the microtransaction special (Kaye et al., 2017). Owning or having a special or rare item may be the key difference in making that player truly unique. Some players strive to stand out in a game with more than millions of players; to become an in-game celebrity is much more common due to certain popular games having more than millions of active players daily.

Thirdly, is how the players perform when given a challenge or goal that is just right for them. A phenomenon called flow experience is triggered when players perform to their best, or even better than expected for their gameplay. Flow is a state of deep, effortless concentration where an individual's skills perfectly balance the challenge, resulting in intrinsic reward and satisfaction (Csikszentmihalyi, 2015). Flow enables the players to have a state of full immersion within the game; being able to relate to the in-game conditions perfectly.

Combining all the previously stated elements, starting with microtransactions until flow experience, thus a new element is generated, which is a player's online impulse buying tendency. Online impulse buying tendency refers to how likely a player is to do spontaneous purchases, especially within the realm of game microtransactions (Nguyen & Klaus, 2013a). Microtransactions are designed to have low-price points and be exclusive time offers within the game. A high online impulse buying tendency means that the player is easy to grasp, while a low online impulse tendency means that the player is not easily swayed by the offers that are available in-game.

Lastly, the final element to play a part in is purchase intention. Purchase intention refers to the player's willingness or want to purchase the item (Rita et al., 2024). Purchase intention is crucial because it is what drives to players to actually buy or purchase the item that the developers offer. If a offer is only just made but no actual purchases are done, then no real income or revenue would actually be generated for the developers.

This study's basis comes from the article "The Role of Microtransactions in Impulse Buying and Purchase Intention in the Video Game Market" by Paulo Rita and their companions. These researchers have made their subject on the global video game market and microtransactions in general. Within this research, the context has been dialed down to just a single game, Mobile Legends. Also, the range of this study has been limited to just the Indonesian demography.

Figure 1.8 shows a pre-test that has been done to see if said topic is appropriate or ripe enough to do. With 25 respondents, 72% have been found to make an in-game purchase. Whether it be as little as Rp.10.000.00 or as much as Rp.1.000.000.00 within their time of playing the game, most of the players have delved into the microtransactions that have been offered by Mobile Legends.

Have you ever made an in-game purchase (i.e. diamonds, Weekly Pass, Starlight) in Mobile Legends?

25 responses

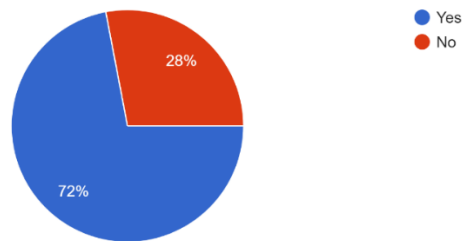


Figure 1.8 Graph for 25 Respondents and their In-Game Purchase in Mobile Legends

Based on Figure 1.9, another fact is that 24% of players have played Honor of Kings within the past 6 months. This finding from figure 1.8 shows that some players who have played Mobile Legends also see Honor of Kings as a game that is also enjoyable. This phenomenon has caused the market share for Mobile Legends to become much more unstable; causing Moonton to make pre-cautions to keep their player base much more stable.

Have you ever played Honor of Kings in the past 6 months?

25 responses

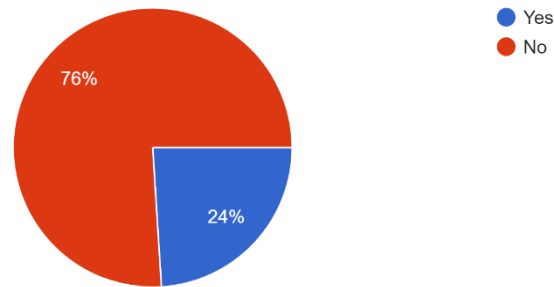


Figure 1.9 Graph for 25 Respondents and their Experience with Mobile Legend's competitor, Honor of Kings.

By these findings, the researcher has found it suitable to replicate the research done by Paulo Rita and their companions within the video game market of Mobile Legends and the Indonesian demography.

1.2 Research Question

The following is stated as the study's research questions:

1. Does performance positively influence the consumer's buying impulse of microtransactions?
2. Does functionality positively influence the consumer's buying impulse of microtransactions?

3. Does hedonic content positively influence the consumer's buying impulse of microtransactions?
4. Does social content positively influence the consumer's buying impulse of microtransactions?
5. Do high-flow experiences positively influence the consumer's buying impulse of microtransactions?
6. Do affective online impulse buying patterns positively influence purchase intentions?

1.3 Research Objectives

The following is stated as the study's objective by the research problem, which is further detailed in the research question:

1. To examine whether there is statistical support for the supporting condition to significantly influence the consumer's buying impulse of microtransactions by performance.
2. To examine whether there is statistical support for the supporting condition to significantly influence the consumer's buying impulse of microtransactions by functionality.
3. To examine whether there is statistical support for the supporting condition to significantly influence the consumer's buying impulse of microtransactions by hedonic content.

4. To examine whether statistical support exists for the supporting condition to significantly influence the consumer's buying impulse of microtransactions by social content.
5. To examine whether there is statistical support for the supporting condition to significantly influence the consumer's buying impulse of microtransactions by high-flow experience.
6. To examine whether there is statistical support for the supporting condition to significantly influence the purchase intention by affective online impulse buying patterns.

1.4 Research Contribution

This study aims to contribute to the field of theory and marketing areas:

1. Theoretical Contribution

The theoretical contribution of this study relates to the understanding of Mobile Legends and its parent company, Moonton as well as microtransactions on the game's aesthetics by the young group of 12–45-year-olds. Also, to gather and monitor their data and use statistics.

2. Marketing Contribution

The purpose of this in terms of marketing contribution is to make future readers and marketing aware of the importance of these factors for mobile games. Thus, making it a usable source of information.

1.5 Research Limitation

Due to the lack of funds, resources, manpower, and time, the scope of the study was limited to:

1. The survey's respondents are people who live in Jakarta, Bandung and Tangerang, aged between 12-35 years old. Some have spent less than 50 hours of gameplay, and some having spent more than 1,000 hours of gameplay. The reason why this group was chosen was due to:
 - a. Younger people tend to spend their time playing Mobile Legends on a much more frequent basis.
 - b. Younger people have a familiarity with mobile phone usage and gaming.Other than the reasons mentioned above, it is also to investigate whether the microtransactions on the game's aesthetics have a positive influence on the player's experience.
2. Questionnaires will be distributed to at least 400 respondents during the survey.

1.6 Research Outline

This research paper is divided into five chapters; the details are as follows:

Chapter 1 - Introduction

Chapter 1 will discuss the study's background, problem statement, research questions, research objectives, research limitations and theoretical and managerial issues.

Chapter 2 - Literature Review

Chapter 2 consists of theories, concepts and previous findings which will be used as a guideline and theory foundation for this research.

Chapter 3 - Research Methodology

Chapter 3 explains the details on how researchers gain the data and how the data is processed. Included in this chapter is: research paradigm, type of study, research object, sample, population, research design and data collection.

Chapter 4 - Results and Discussions

Chapter 4 consists of the research findings, key respondents' profiles, the results of the research problems, discussion and analysis of the concepts and variables, and how the research findings are connected to each other.

Chapter 5 - Conclusions and Recommendations

Chapter 5 consists of the conclusion of this research, theoretical and managerial implications, and suggestions or ideas for future research.

